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FAR EAST**1. Communist leader to run in Japanese election:**

CINCFE Telecon
18 Jan 55
CONFIDENTIAL

Yoshio Shiga, third-ranking leader of the Japan Communist Party, who has been underground since June 1950, will run for the Diet in the forthcoming election. The Far East Command reports that the party has ordered its previously endorsed candidate in Shiga's district to withdraw.

Shiga, who won an impressive victory in the 1949 Diet election, apparently is running openly as part of the Communist effort to convince the public the party is not a clandestine conspiracy. The Far East Command notes that Japanese security authorities are expected to keep "hands off" to avoid Communist propaganda charges of police interference in elections.

Comment: In 1950 Shiga was the leading advocate in Japan of a separate peace treaty with the USSR and Communist China. He also emphasized that the Japanese Communist struggle must concentrate its attack on American "imperialism."

The present trend toward closer Japanese relations with the Orbit would make this an opportune time for the Communist Party's outstanding exponent of this policy to reappear. Shiga's prominence and vote-getting ability could be an important factor in attracting popular support to the party in the election. Reports indicate several second-echelon underground leaders are also planning to run for office.

2. Taipei orders naval force north to aid Tachen defense:

Two Chinese Nationalist destroyers and three destroyer escorts left Formosa for the Tachens area late on 18 January, Far East time,

116-5255

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Comment: This move commits five of the remaining eight major Nationalist vessels to the Tachens and suggests that the Nationalist high command currently plans a serious effort to hold at least the two principal islands of the group.

Meanwhile, the Nationalist Defense Ministry conjectures that the Communists may soon renew operations near the Quemoy, to the south, in an effort to divert Nationalist forces from the Tachens area.

SOUTH ASIA

3. Probable Indian reaction to Communist occupation of Ichiang Island:

The reaction of Prime Minister Nehru and the Indian press to the forcible Chinese Communist occupation of Ichiang Island on 18 January is almost certain to be strongly adverse, as it was when the Communists broke the peaceful post-Geneva atmosphere in early September by shelling Quemoy. Nehru's suspicion of Peiping's past declarations of peaceful intent will probably be strengthened by this new demonstration of military initiative.

One important result of Peiping's action, therefore, may be to increase the likelihood that India and other non-Communist Asian nations such as Pakistan, Ceylon, and Burma will attempt to prevent China from seizing the initiative at the Afro-Asian conference and to put Peiping once more on public record as having no territorial ambitions in South and Southeast Asia.

EASTERN EUROPE**4. Hungarian people welcome American flood relief:**

US Leg Budapest - 325
11, 18 Jan 55 336
UNCLASSIFIED

The American legation in Budapest is impressed by the "overwhelming gratitude" of Hungarian peasants for American flood relief. The legation reports that the origin of this aid is widely recognized despite the fact that the regime has published only one brief acknowledgment. One source stated that American aid has been distributed with less discrimination than Communist assistance, which was given out on a political basis.

The legation comments that the willingness of the peasants to express their appreciation to American observers and to criticize the Communist regime reveals the depth of the antagonism which exists between the peasants and the state authorities.

Comment: The Red Cross representative in Czechoslovakia has also reported that a large part of the population of the villages receiving American flood relief crowded around the distribution centers and held brief informal meetings to express their gratitude.

In contrast to the method of distribution in Czechoslovakia and Hungary, where US markings appeared on the food gifts, the East German government used the infestation of some of the American grain as an excuse for destroying all US marked bags and distributed the aid without crediting the United States. The representative of the League of Red Cross Societies reports that individual German peasants he spoke to were surprised when told that the grain was an American gift.

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WESTERN EUROPE**5. USSR invites high Finnish defense officials to visit Moscow:**

US Emb Helsinki - 224
18 Jan 55 2/3
TOP SECRET
State

The defense minister and the commander in chief of the Finnish defense forces have both received invitations from Soviet

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defense minister Bulganin to visit Moscow, according to the Finnish trade and commerce minister. Contrary to rumors, the USSR has not suggested that Finland establish a permanent military mission in Moscow. The Finns fear, however, that such a suggestion might result from the proposed visit.

Leaders of the Finnish Social Democratic Party, which is part of the government coalition, favor stalling on the invitation. They feel that if some one must go, it should be a politician rather than a military man, in order to avoid dealing with specific military matters.

Comment: The Finns recognize that some kind of visit will eventually be necessary in order to avoid needlessly antagonizing the Soviet Union. At the same time they will strongly resist efforts to involve them in any Soviet-inspired "security arrangements." Last November the Finns successfully resisted Soviet efforts to seek their inclusion in a proposed "European security organization."

6. France reported no longer pressing for permanent arms pool:

US Emb The Hague
18 Jan 55 1043

SECRET

State

A French delegate to the current talks in Paris on a Western European arms production pool has admitted that France expects agreement only on a two-year "probationary" period, after which the arms pool could be dropped if nothing practical resulted, according to the secretary general of the Dutch Foreign Ministry. The Dutch official commented that his ministry tended to interpret Premier Mendes-France's absence from the talks as an indication that France is now placing less emphasis on the arms pool.

Comment: France's apparent willingness to drop major elements of its original proposal so early in the arms pool talks, which began on 17 January, may be an indication Mendes-France believes he has impressed sufficiently on the French parliament his efforts to control German rearmament by this method. It is unlikely, however, that France has given up all hope of stronger controls over West Germany; Paris may continue insisting that American military aid to all the Western European Union countries should be distributed through the WEU.

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7. British Foreign Office favors Western study group on East-West talks:

US Emb London - 3196

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SECRET

State

5/5 Although Prime Minister Churchill is strongly opposed to the establishment of a Western group to study the question of talks with the Soviet Union, the British Foreign Office is now recommending that he and Foreign Secretary Eden give sympathetic consideration to Chancellor Adenauer's proposal for such a group in which West Germany would participate.

Eden told the French ambassador in London on 14 January that "action among ourselves" to show a desire for talks with the USSR would be better than an approach to Moscow.

Comment: The Foreign Office advocated a study group last week primarily to offer Premier Mendes-France a way out of his dilemma about further demarches to Moscow. The premier felt it necessary to make a unilateral demarche if Britain and the United States refused to join him. That London is especially solicitous of Adenauer is shown by the fact that Britain is willing, should the German internal situation require it, to consider allowing the Bundestag to ratify the Paris agreements with a condition that agreement with the USSR on reunification be sought again.

In addition to these tactical considerations, the Foreign Office may regard a working group as a sounding board for their own and other Western views about four-power talks. It may believe that existence of such a group would also tend to discourage approaches for talks which might be untimely, un-co-ordinated, and unproductive.

LATIN AMERICA

8. Comment on apparent failure of Costa Rican revolt:

The revolt in Costa Rica appears to be failing. The estimated 500 rebels still in the extreme northwest of the country

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near the Nicaraguan border are opposed by about 1,300 government troops and volunteers in the area.

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US Emb Managua

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UNCLASSIFIED

State

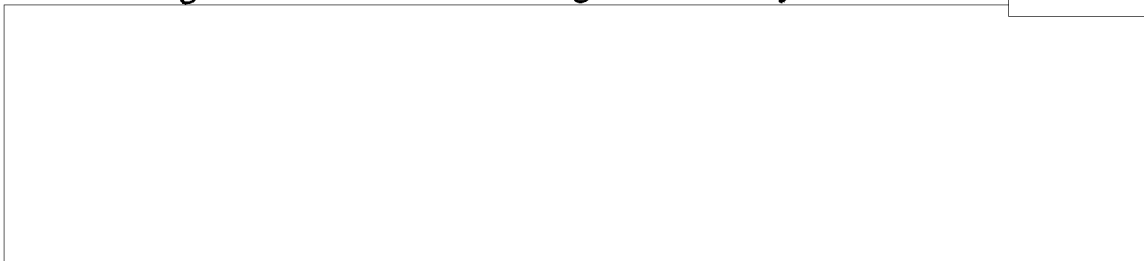
out" because of the air superiority enjoyed by government forces.

Nicaraguan president Somoza implied to the investigating committee of the Organization of American States on 18 January that the conflict would gradually "peter

Nevertheless, plots and counterplots involving Costa Rica and Nicaragua are likely to continue.

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